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Douglas M. Bell,  
Chair, Trade Policy Staff Committee  
Office of the U.S. Trade Representative

RE: Request for Public Comments to Compile the Report on Sanitary & Phytosanitary Barriers to Trade

The North American Export Grain Association (NAEGA) appreciates this opportunity to provide input to the Office of the U.S. Trade Representative (USTR) to assist it in identifying significant sanitary and phytosanitary and standards-related barriers to U.S. exports of goods for inclusion in USTR's annual Report on Sanitary & Phytosanitary Barriers to Trade

A not for profit trade association, NAEGA was established in 1912 and includes membership from private and publicly owned companies and farmer-owned cooperatives that are involved in and provide services to the bulk grain and oilseed exporting industry. NAEGA member's exports from the U.S. total approximately \$70 billion, well over 60% of total U.S. agricultural exports. NAEGA's mission is to promote and sustain the development of commercial export of grain and oilseed and their primary products. Through a reliance on member action and support, NAEGA acts to accomplish this mission from its office in Washington D.C., and in markets throughout the world.

2012 saw the introduction of significant sanitary and phytosanitary (SPS) regulations, both at the national and international level that could impact U.S. exports of bulk grains and oilseeds. NAEGA notes that China and Canada both have introduced new SPS regulations in 2012 that could negatively impact U.S. bulk grain and oilseed trade with both countries, and international standards could have the same negative effect of the trade

- **China** –NAEGA has been working with U.S. government and industry partners to complete work under the U.S- China General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) Memorandum of Understanding (MOU) on Soybeans signed in early 2011. A technical working group (TWG) set up under the MOU has been created, and in September 2011 the U.S. hosted a team from AQSIQ as they toured U.S. soybean processing and export facilities, and the TWG held its first meeting. The goal is to prove to the Chinese government the strength of U.S SPS measures, hopefully leading to increased soybean trade with China. A follow up visit to China by U.S. representatives was to be the next step in the

MOU process, but China has been slow to schedule the trip and as of this writing it has not even been tentatively scheduled.

In March 2012 China issued a draft grain law “formulated for the purpose of promoting grain production, safeguarding the order of grain distribution, ensuring the effective supply of grain, maintaining sustainable development of the grain industry and safeguarding the national grain security” In August 2012 China issued new grain safety & hygienic standards whose potential impact on trade NAEGA, the U.S. Government, and others are working to assess.

- **Canada** – Canada issued new draft Phytosanitary regulations in 2012 that have the potential to negatively impact the trade between our two countries. The Canadian Food Inspection Agency presented several new directives to prevent the introduction and establishment of plant regulated as pest in Canada.
  1. D-12-01, proposed to be implemented on March 3, 2013, would regulate certain species as quarantine pests under the Canadian Plant Protection Act and describes new phytosanitary requirements designed to prevent the introduction of plants regulated as pests in Canada.
  2. D-12-04 which has been delayed but was, until recently, scheduled for implementation on December 1, 2012. It places new phytosanitary import requirements for grain of field crops including pulses, oilseeds, cereals (other than barley, oat, rye, triticale, and wheat), forages and other special crops from all origins except the continental United States,
  3. D-12-05, which has also been delayed. D-12-05 places new phytosanitary import requirements for grain of field crops including pulses, oilseeds, cereals (other than barley, oats, rye, triticale, and wheat), forages, and other special crops from the continental United States.

NAEGA is concerned that both commercial and official capacity to understand, assess accommodate the requirements of these regulations are not sufficiently in place. The absence of improved capacity to implement the requirements of these directives could lead to a significant risk of increased costs and reduced competitiveness for Canadian industry. Given the original timeline for implementation of the requirements, NAEGA expected unwarranted prevention and frustration of trade will result.

While CFIA has announced that the comment period for D-12-04 & D-12-05 have been extended until February 15, 2013, NAEGA is still concerned about the impacts from these new SPS regulations and the impact they could have on the \$19 billion a year in agricultural exports from the U.S. to Canada.

- **IPPC Specification on International Movement of Grain** – A draft specification for the International movement of grain (2008-007), is proceeding to be developed by the International Plant Protection Convention (IPPC). We are concerned that the establishment of a standard, rather than guidance, in this regard would lead to unnecessary and new barriers for trade. The final standards have not been set and U.S. industry along with U.S. government has been working to ensure that whatever is adopted is not hostile to U.S. trading interests.

- **Rapid Response Mechanism** – To promote improved food and agriculture trade and decrease the chance of future impediments to trade, NAEGA, along with our partners in the industry, is working to promote the inclusion of a Rapid Response Mechanism (RRM) in future trade agreements. RRM is a timely, transparent and commercially-meaningful method to help governments implement the least trade distortive measures and resolve trade interruptions related to sanitary and phyto-sanitary (SPS) measures and technical barriers to trade (TBT).

An RRM that improves controls related to SPS and TBT so that official actions work for consumers, farmers, ranchers and global commerce fits into the concept of “WTO-plus” obligations that go beyond the WTO SPS Agreement on issues like risk assessment, risk management, transparency, border checks/laboratory testing and facilitating trade through regulatory coherence measures. A RRM would take the dispute from a bilateral one to extend to broader oversight as well as effective engagement of commercial parties.

A RRM provides for a specific, practical and reasonable component of what is emphasized and articulated by many agricultural trade stakeholders as a critical need: “Full enforceability includes a commitment to timely and transparent action to address actions that delay shipments of perishable and needed agricultural products”. Further, RRM inclusion in trade agreements forwards the objective: “To that end, it is imperative that all elements of the agreement’s SPS provisions, including the WTO-plus components, be fully enforceable.”

Part of NAEGA’s mission is to work to eliminate SPS barriers to trade such as those outlined above. We thank you for considering our views. We would be pleased to respond to any questions the agency may have.

Sincerely,

A handwritten signature in black ink that reads "Gary C. Martin". The signature is written in a cursive style with a large initial "G" and "M".

Gary C. Martin  
President and Chief Executive Officer  
North American Export Grain Association